

EXHIBIT A

CITY OF PALM DESERT

GENERAL PLAN

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HOUSING ELEMENT

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HOUSING ELEMENT

The goals, policies and implementation programs set forth in the Palm Desert Housing Element to the General Plan are guided by California State Housing Objectives.

1. Provisions of decent housing for all persons regardless of age, race, sex, marital status, source of income or other arbitrary factors.
2. Provision of adequate housing by location, type, price and tenure.
3. Development of a balanced residential environment including access to jobs, community facilities and services.

This element will examine the nature of the existing housing stock in relation to the character and needs of Palm Desert residents and how future development can best meet future needs.

I. BACKGROUND

A. POPULATION AND HOUSEHOLD CHARACTERISTICS:

The California Department of Finance estimated (see appendix for complete data) Palm Desert's 1989 permanent population to be 19,454 in 8546 households. Southern California Association of Governments (SCAG) projects growth to 10,301 households by 1994.

The two most populous age categories identified in the 1980 census were 65+ (2176-18%) and 25-34 (1830-16%). This compares with 1185-10% for the 45-54 age category. The dominance of young adults and seniors is responsible for a large number of small, often childless, households. One and two person households accounted for 72% of the Palm Desert total. Sixty-five percent (65%) of married couples had no children. Only 824 households (7%) had more than three members. These young and old households which dominate Palm Desert demographics generally represent age groups with the lowest incomes. The 45-54 age group, usually associated with the highest income producing period, comprised the smallest segment of the Palm Desert community.

B. INCOME AND EMPLOYMENT:

In 1980, Palm Desert median household income for a family of four was \$19,647. The 1989 Riverside/San Bernardino area median was \$32,200. Total Palm Desert resident employment in 1980 was 5681 with sales and service accounting for 68%. There were 179 families living below the poverty line of which 32 were female heads of households with children. There were no households with heads over 65 below the poverty line. Total employment in the city in 1990 is projected to reach 13,000.

Over the next five years Palm Desert will undoubtedly experience a substantial increase in low income housing needs resulting from the rapidly growing retail, service and resort hotel industries. Up to 1,200 new hotel rooms and 400,000 square feet of commercial space are projected to attract 2,100 new employees to the area of which 1,500 are likely to be paid low income wages.

Local restaurants, retailers, and hotels are already experiencing increasing difficulty in attracting and keeping reliable service employees. The lack of affordable worker housing has become a practical problem for employers and ultimately a real constraint on the growth and quality of the city's resort base industries. Low income employees will not relocate unless affordable housing is available. Reliance on other communities to provide this housing is contrary to the state housing laws fair share concept and will ultimately result in clogged highways as workers flood in and out of the city.

The private market has shown itself quite capable of meeting moderate and upper income rental housing needs. The production of lower and very low income housing will require significant assistance and involvement of the city, Redevelopment Agency, Riverside County Housing Authority, and the resort industries creating the demand.

C. HOUSING CHARACTERISTICS:

1. HOUSING MIX:

The following table compares the 1984 and 1989 Palm Desert housing mix:

	<u>Total Units</u>	<u>Single Family</u>	<u>2-4 Units</u>	<u>5 or More</u>	<u>Mobile Homes</u>
1984	12,304	9,150 (74%)	1,156 (9%)	1,202 (10%)	796 (6%)
1989	16,603	11,853 (71%)	1,586 (10%)	2,345 (14%)	841 (5%)

In 1984, 19% of the housing stock was comprised of multi-family rental units. Only 28 units had been constructed during the preceding four years. As a result of the city's Affordable High Density Planned Residential Program (AHDPR), 1573 multi-family rental units were constructed between 1984-1988; 37% of all units. An additional 800 units have been approved. Of the 1573 constructed, 180 are rent controlled for lower income households; 21 are rent controlled for moderate income

households. Eighty percent (80%) of the market unit rents fall within the moderate income standards.

2. HOUSING CONDITIONS:

Most of the housing in the City of Palm Desert has been constructed since 1960. Generally homes in even the oldest neighborhoods are less than 25 years old. While the general level of residential maintenance is quite good, isolated cases of deterioration have occurred. Surveys indicate up to 20 single family homes and 100 multi-family units need significant rehabilitation. In some cases the city has had to threaten condemnation to force landlords to maintain minimum health and safety standards. As will be described later in this element, the city's redevelopment agency in cooperation with the Riverside County Housing Authority is implementing programs to reverse the deterioration process and preserve quality housing.

3. OVERCROWDING:

Overcrowding is defined as dwellings with greater than 1.01 persons per room. A room is defined by the Uniform Building Code as a place usable for sleeping, eating or cooking. This excludes bathrooms, hallways and closets. For example a three bedroom, two bath home with a kitchen and combination dining room/living room would have five rooms. If it was inhabited by two adults and four children, a 1.2 ratio would qualify as overcrowded.

Projections for 1989 based upon the 1980 census identify 136 households (2%) with person per room ratios between 1.01 and 1.5, and 56 household (.8%) with ratios greater than 1.51.

Overcrowding is caused by a combination of shortages and high cost of appropriate housing. Families are forced to choose between small units or sharing a larger unit with another family.

While it may be desirable for each child to have his/her own bedroom, some degree of overcrowding is inevitable. Young families often take several years before they can achieve the one person per room ratio. Cases of severe overcrowding can lead to accelerated housing deterioration and corresponding negative impacts for surrounding properties and the neighborhood. There is some evidence that the incidence of overcrowding has increased since 1980 as a result of increased

lower income employment associated with the Marriott hotel, the Town Center mall and general expansion of the city's resort economic base.

Although the city's housing programs have produced a substantial number of lower and moderate income one and two bedroom units, there has not been significant construction of lower income family housing and no units affordable by very low income households.

Programs in the element will attempt to expand housing opportunities for these two groups to find uncrowded quality housing within safe, clean neighborhoods.

4. VACANCY RATES:

The Federal Home Loan Bank Branch has estimated the 1988 combined vacancy rate to be 11.6%; 8.72% above the "ideal" 2.88% calculated by SCAG. Vacancy rates for units within the lower income range are less than 1%.

II. HOUSING NEEDS

The mandated objective of the Palm Desert Housing Element is the provision of quality, well designed housing within safe and attractive neighborhoods affordable by all segments of the community. The task of the implementation program shall be to resolve the conflict and trade-offs between affordability, design and density.

When the city incorporated there was great concern for what appeared to be unacceptably low quality development standards being enforced by the county. Zoning and design review standards were developed to insure quality neighborhoods. These standards succeeded in encouraging an abundant supply of housing, very high quality development, but also resulted in housing increasingly out of the reach of very low, low and moderate income households. This situation was further exaggerated by the high speculative housing market of the late 1970's. Through implementation of programs contained in the 1984 Housing Element these problems have begun to be addressed.

A. THE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) - THE FAIR SHARE CONCEPT:

The state housing law assigns the Southern California Association of Governments (SCAG) the responsibility for determining Palm Desert's existing housing needs and the city's fair share of the regional future needs. This analysis is contained in the Regional Housing Needs Assessment (RHNA). Existing need is a simple projection from the 1980 census of households paying more than 30% of their income on housing based upon the California Department of Finance population estimates for 1988 and adjusted to 1989. The future needs section is based upon SCAG's own Growth Management Plan. The state housing law "fair share concept" also requires the equalization of a jurisdiction's affordable housing percentage towards the regional average. The future needs section, therefore, includes an "impaction adjustment" which brings a jurisdiction percentage of future lower and very low income units 25% closer to the regional average. Palm Desert's current share is 32% compared to 40% for the region; a difference of 8%. The composition of the city's future affordable housing needs was therefore increased 2% to 34%.

The existing needs figures do not assume any construction of low income units during the 1980-88 period and can be reduced if affordable projects were built.

Through One Quail Place and San Tropez Villas apartment project development agreement's, 180 lower income units were constructed

between 1984-1987. These units will be rent controlled through the year 2015 and 2017 respectively.

The adjusted RHNA is included below. Current need is 569 lower income (80% of medium household incomes) and 481 very low income (50% of medium household incomes) for a total of 1050. Future need has been set at 367 lower and 303 very low income. The numbers are not intended to be absolutely accurate calculations creating a "quota" the city is expected to achieve. It is merely an estimate of the general magnitude of need and serves as a goal for the design of local housing programs. Cities will be evaluated on how effectively available resources are employed towards the attainment of the RHNA targets.

REGIONAL HOUSING NEEDS ASSESSMENT

I. ADJUSTED EXISTING NEED*

1989 HOUSEHOLDS	LIHHS OVERPAYING FOR SHELTER				TOT-OWNER
	LIHHS	TOTAL	VERY LOW	LOW	
8,546	2,518	1,050	481	569	380

VL-OWNER	LIHH OVERPAYMENT BY TENURE AND INCOME				LOW-RENTER
	LOW-OWNER	TOT-RENTER	VL-RENTER		
147	233	669	335		334

II. FUTURE NEED - 1

TOTAL	VL INC	LOW INC	MOD INC	HIGH INC	LOWER INC (%VL & L)	HIGHER INC (%MOD & UP)
1,964	303	367	340	954	34.1%	65.9%

*Adjusted to reflect 1989 "GAP" year and reduced for 180 lower income units constructed in connection with One Quail Place and San Tropez Villas Affordable High Rent projects.

B. OWNERSHIP HOUSING:

The HUD income guidelines call for a maximum low income ownership unit selling price of \$65,000 based upon the monthly payment on a

10.75% 30 year loan. The moderate income house price limit would approach \$90,000. No new projects have offered homes in this price range for at least five years.

The median price of existing Palm Desert housing in 1988 was \$130,267. A total of 16 single family homes and 21 condominiums are currently on the market (March, 1989) below the \$90,000 moderate income range. No new units have been constructed within the moderate range since 1984. In 1984, Mountain View Falls offered 100 two and three bedroom units between \$68,000 and \$72,000 as part of a 25% density bonus program.

While some opportunities remain in the resale market, the lack of new moderate income units will ultimately result in a diminishing availability as demand grows. The growth of low and moderate income employment will lead to an increasing need for family housing which is best served by single family units. During the 1984-89 period, the Palm Desert housing program implementation stressed multifamily construction which had lagged during the previous period. Through 1994, affordable family housing will receive greater emphasis.

C. RENTAL HOUSING:

When the city incorporated in 1973, one of the first tasks was to improve the overall quality of development through the raising of standards enforced by the county. Inadvertently, those new zoning standards combined with other more general economic factors to virtually halt multifamily rental construction. In 1984, 19% of the housing stock was comprised of multifamily units. Only 28 units had been built between 1980-84.

The implementation of the AHDPR zone contained in the 1984 Housing Element, lower interest rates and the use of tax-exempt bond financing led to the construction of 1573 rental units between 1984-1989 and the approval of 800 more. During the period, 37% of all units constructed were multifamily rentals. The new units include 180 lower income and 21 rent controlled moderate income units. The majority of the market rate units fall into the moderate range. Controlled lower income unit rents for new one and two bedrooms range from \$450 to \$550/month. Market rents range from \$500 to \$800/month. Current apartment vacancy rates average near five percent. This compares to 1.8% in 1984. Some of the large complexes experience as high as a 20% vacancy rate during the off-season summer months. Vacancy rates for lower income units are virtually zero.

New apartment construction over the last five years has satisfied the demands for moderate income units and has begun to address lower income needs.

The AHD program is limited in that lower income housing production requires strong demand for the 80% market units. If demand for moderate market units levels, then new projects will not be built. Lower income production ceases unless additional financial subsidies are included.

D. PRESERVING NEIGHBORHOOD QUALITY:

While design standards can produce very attractive new developments, they cannot always succeed in substantially improving older developed neighborhoods. Declining neighborhoods tend to discourage the investment of private capital thus reinforcing their decline. Although the substandard condition of certain areas results in depressed property values and lowered housing values, allowing continued decline is an unacceptable solution to the affordable housing problem. Slums result in a dangerous, ugly environment but do not guarantee affordable housing. In a tight housing market landlords will continue to be able to receive high rents even as quality declines.

The concept of redevelopment was specifically designed to break the cycle leading to the development of slums. Carefully planned public investment in the form of improved public facilities, and low interest rehabilitation loans will encourage private investment reversing the decline cycle.

To achieve the goal of quality neighborhoods and affordable housing requires the promotion of innovative designs which reduce the costs of construction while still providing a desirable residential environment. Because of high land costs, it will be necessary to provide some form of direct financial assistance to developers or households to achieve all our housing goals.

E. CONSTRAINTS:

1. GOVERNMENTAL:

a. Land Use:

During the city's first years, a shortage of vacant high density zoned property discouraged affordable multifamily development. This situation was corrected with the

creation of the AHDPR zone which established procedures and criteria for re-zoning up to 25 dwelling units/acre for projects containing 20% lower income units. Through 1988, 42 acres have been rezoned and 896 units constructed under the AHD program. In 1986 the Senior Overlay was created to provide similar incentives specifically for affordable senior housing.

Upzoning during the past four years of an additional 85 acres elsewhere throughout the city from medium to high density will permit an additional 1500 multifamily units. These rezoning programs have effectively eliminated land use restrictions as a constraint to the production of affordable housing.

Manufactured Housing Opportunities

Within the city there are currently four mobile home parks containing 703 spaces and a 120 acre mobile home subdivision containing 360 lots. The parks are at 100% capacity and the subdivision is 90% developed. An 86 acre 241 lot park is currently under construction. All mobile home facilities are specifically zoned for that use. In addition, the city is complying with Chapters 1571 and 1572 Statutes of 1988 permitting approved manufactured housing on permanent facilities in single family areas.

Parking

The zoning ordinance requires two parking spaces per apartment unit. Due to the desert's extreme heat, one space must be covered. Single family homes require a two car garage or carport. These requirements are based upon studies of automobile ownership and needs for guest parking.

Reductions have been granted for affordable projects when site geometry made full attainment impractical. The Senior Housing Overlay reduces parking to one space per unit for projects with an age 62 minimum and 1.25 for an age 55 minimum.

Senior Second Units

In 1983 the city adopted a Second Unit Senior Housing ordinance which permits one additional rental unit to be added to single family homes. It requires the unit to be incorporated into the main structures and requires the

total development to resemble one single family home. Consistent with our rental apartment standard an additional two parking spaces are required. Occupants must be 60 years of age or older. Through 1989 there has been only three applications for the program. All have been approved.

While the second unit program has not made a significant contribution, its lack of success has not constituted a major constraint on the production of rental senior housing. The Senior Overlay ordinance and the availability of vacant land has provided ample opportunities for construction of senior housing.

b. Building Codes and Development Standards:

A goal of this element is the development and maintenance of high quality housing and residential neighborhoods. While Palm Desert's standards are high, developers are given a great deal of flexibility in choosing the means by which the standards can be achieved. Analysis of project alternatives describing lowered levels of design quality and amenities show only minimal decreases in monthly housing costs at the expense of significant reductions in overall quality.

The city uses the Uniform Building Code with some modifications relating to combustible roof materials and aluminum electrical wiring. It is estimated that these higher standards increase the initial cost of a typical home by \$300. The increased level of safety and the reduction of long term maintenance costs offset the initial extra costs. Applicants have the opportunity to provide engineered cost saving alternatives which meet code specifications. Modular and prefabricated building systems have been used extensively. Quality construction, while initially appearing more expensive, results in lower long-term housing costs.

c. Development Fees:

City of Palm Desert fees are designed to cover actual costs of processing applications and the extension of urban services to the proposed development. A typical 1500 square foot home will include \$8,693 in fees of which only \$1,100 is for design and building plan review. The

remainder is for public improvements to serve the development. Utility hook-up and school fees account for more than 50% and are not within the control of the city.

Development fees within Palm Desert are comparable to those charges within other jurisdictions throughout the Coachella Valley. Although they constitute a substantial constraint, accounting for ten percent of a modest home's cost, fees are based upon real public costs which must be paid by someone. The city's commitment to affordable housing recognizes that financial assistance will be required to reduce the overall cost of housing which includes fees.

COACHELLA VALLEY SURVEY OF DEVELOPMENT FEES
1500 SQUARE FOOT SINGLE FAMILY HOMES

Palm Springs	\$9,126
Indian Wells	8,900
Palm Desert	8,693
Riverside County	8,150
Desert Hot Springs	7,935
La Quinta	7,630
Rancho Mirage	7,565
Cathedral City	7,350
Indio	7,338
Coachella	7,040

d. Permit Processing Procedures:

The city employs a streamlined processing procedure which consolidates hearings and reviews and significantly reduces administrative delays. A single family home receives design review by the department of community development on the day it is submitted and can be immediately transmitted to the department of building and safety for plan check. Depending upon work load, permits are issued within four weeks of submittal.

Major developments as large as 1,000 units can complete the public hearing review within three months and can often begin construction within six months of initial application.

2. NON-GOVERNMENTAL CONSTRAINTS:

a. Land Costs:

Residential land costs vary by location, parcel size, and availability of urban services. Individual single family lots range from \$20,000 to \$250,000. Large unimproved parcels range from \$50,000 per acre north of Country Club Drive to over \$200,000 per acre south of Highway 111. Per unit multifamily land costs range from 5,000 to \$12,000. These price factors are fairly uniform between Palm Springs and Indian Wells. Prices are somewhat lower toward Indio.

The impact of rising land costs can be mitigated to a degree by raising densities. While land may account for 30% of the cost of a single family home at four dwelling units per acre, it can be reduced to 10% in a 20 unit per acre project. Increasing densities can itself increase speculative pressure based upon expectations of more profitable high density development. It is therefore important to provide a mechanism to prevent this speculation from inflating higher density parcels so as to preclude affordable housing. By tying high density zoning to low income affordable performance standards, the AHDPR program and the senior overlay limits this type of speculation.

b. Construction Costs:

Palm Desert's construction costs average \$67 per square foot, including land, all phases of construction, fees and financing, depending upon project size, density, and quality. These costs are fairly uniform throughout the Coachella Valley. It is anticipated that construction costs will continue to rise with inflation. The table below analyzes and compares the various components of single family and apartment costs.

TYPICAL COSTS OF CONSTRUCTION

	<u>1500 SQ. FT. SINGLE FAMILY</u>	<u>900 SQ. FT. APARTMENT</u>
Land	\$ 25,000	\$10,000
Architecture/Engineering	4,260	2,556
Onsite Improvements	7,200	4,320
Offsite Improvements	1,440	864
Unit Construction	37,830	22,698
Government & Utility Fees	9,000	5,400
Financing	<u>16,245</u>	<u>9,747</u>
Total	\$100,975	\$55,588

c. Financing:

The most profound constraint on both the supply and affordability of housing is the cost of mortgage financing. As interest rates rise above the 13% level, even the most modest homes become unaffordable for moderate income households and builders cease construction.

Monthly payments including property taxes and insurance on a \$90,000 moderate income home with a \$80,000 30 year mortgage at 10% is \$802. This rises to \$1016 at 13 1/2%. Based upon the 30% of income criteria used by lenders and HUD for loan qualification, a four person household earning \$37,080 (the moderate income limit) could afford a house payment (tax and insurance) of \$926.00. The moderate income household easily qualifying at 10% begins to have problems at 12% and is likely to be rejected at 13 1/2%.

A survey of local financial institutions indicate that loans are available at rates competitive with other areas in Southern California. Loans for the purchase or rehabilitation of rental units had been restricted by the fact that many older projects built under county standards are legal non-conforming under current city zoning. Banks were hesitant to lend on a ten unit property if only six units could be replaced in case of a fire. In response to this problem the Certificate of Conformance program was created (see program section) and this constraint removed.

Local governments have little ability to significantly remove this constraint since it involves national monetary policy. The use of mortgage interest subsidies and tax exempt bond financing can lower costs enough to allow marginal home buyers to qualify or enable rental projects

to offer lower income rents. Since 1984 over \$40,000,000 in tax exempt bonds have been sold to finance multifamily construction in Palm Desert. Over the last three years interest rates have hovered around the 10% level, greatly facilitating financing of affordable units.

3. Constraint Summary:

While each individual constraint factor does not preclude the construction of affordable housing, their combination puts the bare cost of both ownership and rental housing significantly above low income levels. The city's housing program will be addressing these constraints through density bonuses, inclusionary zoning, low interest tax exempt bond financing, public land purchase, self-help housing and direct rental subsidies.

F. SPECIAL NEEDS:

1. ELDERLY:

The desert area has traditionally been a retirement destination. In 1989, 20% of Palm Desert residents (3,890) and 30% of households (2,564) had members over age 65. In 1980 there were no families headed by individuals over 65 living below the poverty line. Sixty individual seniors were living below the poverty line. In 1989 the incidence of elderly poverty may have risen to 80 individuals. By 1995 an additional 2,000 individuals will have reached retirement age. As part of the general affordable housing problem, all but the most affluent elderly have been frozen out of the Palm Desert housing market. The type of housing available is not ideally suited to many segments of the elderly population. Many elderly households no longer need or desire the two or three bedroom home designed for a growing family. Low density resort condominiums provide more suitable accommodations but are generally the most expensive housing in the city. These projects tend to average only 20% permanent occupancy leading to social isolation of the scattered less active retired elderly.

Different forms of elderly housing have been developed which enhance the opportunity for social interaction and bridge the gap between the isolation of traditional housing arrangements and the rest homes. These projects provide small apartments, common dining facilities, organized social functions and limited medical care. As will be discussed in the program section, the

city has created special incentives for the production of a wide variety of senior housing.

2. HANDICAPPED:

The 1980 census identified 576 individuals with varying degrees of disability. In 1989 this figure is projected to have risen to 770. Ninety-five percent of existing rentals were built prior to any requirements for handicapped facilities. Implementation of Title 24 C.A.C., Section 2-1213 a,b insures that all rental projects provide units specifically designed for handicapped residents.

3. FEMALE HEADS OF HOUSEHOLDS:

The incidence of female headed household with children identified by the 1980 census was 156 or 3.5% of which 32 were below the poverty line. In 1989 female headed households are estimated to have risen to 208 with 43 below the poverty line. The housing needs of this group will be addressed by programs directed to the more general low/moderate income category.

4. LARGE FAMILIES:

Only 111 households in 1980 were larger than six members. This statistic, in addition to the low incidence of severe overcrowding, .8% would indicate that the present unit sizes are adequate. As the existing younger population matures there will be a growing need for family housing. Current 1989 estimate for larger families is 148.

5. FARM WORKER HOUSING:

In 1980, 277 Palm Desert residents were employed in agriculture. There are presently no large scale agricultural operations within the city. Agricultural activity has steadily declined in the upper Coachella Valley as the date industry has moved toward the Thermal area. Other than for farm management occupations, agricultural employment will show a corresponding decline, therefore, no special farm worker housing programs are proposed.

6. THE HOMELESS:

The City of Palm Desert has yet to experience a significant homeless problem. Sheriff's reports of homeless to be less than 5 individual at any one time. Most are moving through the area or are living in campsites up in the canyons. The intense long, dry summer heat with daytime temperatures frequently over 112 degrees tends to discourage year-round outdoor living. The extremely low unemployment rate and wide availability of entry level jobs provides Palm Desert unique opportunities to address the economic homeless problems.

III. THE PROGRAM

The previous discussion focused on the obstacles to the attainment of the goal of quality and affordable housing. The efforts to solve these problems must be evaluated according to how well the city utilizes all the available fiscal and planning tools. The following discussion will analyze these tools evaluating their effectiveness and costs.

The solutions will fall into two basic categories: 1) Direct financial aide programs to reduce or defer costs of housing or neighborhood quality improvements; 2) Continued regulatory reforms providing incentives for the production of housing and the maintenance of neighborhood quality. While regulatory reforms do not involve the expenditure of public funds, direct assistance will require significant economic resources. Fortunately, the economic growth which is partially responsible for the increased housing demands will also generate significant new revenues which can finance new housing programs.

The following program descriptions shall not be construed to limit or preclude the proposal, approval or implementation of alternative strategies designed to achieve the goals identified in this housing element.

A. NEIGHBORHOOD QUALITY:

1. PUBLIC INFRASTRUCTURE:

Within new projects, our review process insures development quality. These standards are less effective in improving the quality of existing neighborhoods. Code enforcement programs can abate the worse cases of neglect but too heavy a reliance on a punitive strategy is more likely to create community ill will. Positive financial incentives provide more effective tools for significant improvement.

The first phase of the city's neighborhood program was the completion of all remaining residential public improvements. The city's redevelopment agency is currently completing construction of all remaining residential road, curb and gutter, and sewer improvements through Palma Village Assessment District No. 3. Redevelopment agency and Coachella Water District contribution of \$8,780,816 account for 59 percent of the project costs.

The completion of these improvements will begin to change property owners' and residents' perceptions concerning the direction of their neighborhood and create a new positive image receptive to new investment.

2. REHABILITATION:

a. Financial Assistance:

With the completion of phase I, phase II of the program will be initiated with the creation of a \$250,000 loan fund from the redevelopment agency 20 percent housing funds for the purpose of single and multifamily rehabilitation. Loans up to \$15,000 per unit will be provided to eligible low and moderate income households and multifamily property owners who agree to participate in a lower income controlled rental program. The loans could be deferred until sale or a repayment schedule established based upon a household's economic resources. The loan amount would be determined by the magnitude of work required to achieve a reasonable standard. For some units it may mean only yard clean up and exterior paint. Others may require major renovation or reconstruction. While the loan program will not reach all households, the improvements will create a positive neighborhood feeling encouraging property owners to embark on their own privately funded rehabilitation efforts.

b. Certificate of Conformance Program:

When the city incorporated in 1973 and adopted a new zoning map, up to 500 multifamily units became legal nonconforming due to densities in excess of the new designations. Many of these older units have experienced gradual deterioration due to deferred maintenance. While legal nonconforming status permits the continued existence of the units, upon substantial destruction only the currently zoned density could be replaced. When lenders become aware of this situation, they often refuse approval of loans for purchase or rehabilitation. Ultimately this withdrawal of financing would lead to accelerated deterioration of these units. To address this problem the Certificate of Conformance program was created. The program provides a process by which nonconforming multifamily properties can achieve conforming status and gain a vested right in the existing unit density. The property owner is required to propose and implement a rehabilitation program which brings the project up to current aesthetic design standards and corrects all health and safety violations. The owner must agree to maintain the project consistent with its conditions at the completion of the rehabilitation. Through 1989, 113 units in seven projects have participated in the program. It is

anticipated that through 1994 an additional 100 units will be rehabilitated as a result of the certificate of conformance incentives.

c. Public Acquisition and Rehabilitation:

For certain cases, the magnitude of deterioration exceeds the financial ability or desire of an owner to correct. In these cases the city in cooperation with the Riverside County Housing Authority may step in, purchase, rehabilitate and manage the property for lower income households.

This strategy was employed for the 60 unit Town Center Apartments which was purchased by the Housing Authority and is undergoing general rehabilitation, new off-street parking development and landscaping.

B. RESIDENTIAL CONSERVATION:

1. ZONING:

Historically, the City of Palm Desert has not experienced any significant conversion of residential to non-residential uses. The General Plan Land Use Element and Zoning Ordinance give highest priority to the protection of existing residential neighborhoods. The neighborhood quality program will be designed to provide property owners with incentives for the conservation of the low/moderate income housing stock.

2. MOBILE HOME PARK PROTECTION:

There are currently four mobile home parks within the city totaling 697 spaces. All four parks are at 100% occupancy. Due to the shortage of new spaces in the vicinity and the nearly prohibitive cost of moving, unit owners had become captive renters with very little ability to respond to space rent increases. The city had instituted a rent control system in an attempt to preserve the affordable nature of the mobile home stock, but found itself in the middle of a continuous battle between park owners and residents. There was also some fears of property owners abandoning the mobile home use altogether as raw land prices have escalated.

The city in conjunction with the Riverside County Housing Authority has instituted a program of public acquisition and management of the parks to both preserve their affordable rents and guarantee continued existence.

A joint project between the RDA and the Riverside County Housing Authority will result in the public acquisition of the Indian Springs Mobile Home Park and the preservation of 90 low and moderate income units.

3. FEDERAL HOUSING SUBSIDY PROGRAMS:

Through Section 8, 58 units are being conserved at low income rents.

C. REDUCING COSTS AND PRICES OF NEW CONSTRUCTION:

1. REMOVAL OF GOVERNMENT CONSTRAINTS, DENSITY BONUSES AND DEVELOPMENT STANDARDS REFORM:

Over the last four years, the City of Palm Desert has made extensive use of inclusionary zoning density bonuses and tax-exempt bond financing to dramatically increase the availability of low and moderate income housing.

The Affordable High Density Program (AHD) which provides densities up to 25 units per acre with 20% lower income controlled units has produced 180 lower income units and 700 moderate income units with an equivalent annual rent subsidy of \$324,000.

2. RENTAL HOUSING:

While the AHD program and tax exempt bond financing will continue to be made available, its ability to produce lower income units is dependent upon the strong demand for the 80% moderate income units. Since moderate demand appears to be leveling off while demand for lower income units grow, density bonuses and low interest financing will not produce adequate supplies of low income units and never were capable of very low income housing production.

To address this growing imbalance, the city and Riverside County Housing Authority has initiated a new program of publicly financed and managed very low, low and moderate income housing

to meet the specific needs of the city's resort industry and service employees.

The city has leveraged \$1,460,000 of redevelopment funds to sell \$67,000,000 in housing bonds to finance various projects of which the largest will be the construction of 1,100 units containing 366 very low income units, 366 lower income units and 366 moderate income units. The rental schedule will require an additional annual \$2.48 million rent subsidy which would be generated from Redevelopment Project Area Nos. 1 and 2 and commercial developer fees. Rental priority shall be given to current Palm Desert employees. The program may take the form of one or several different projects at different sites and will be constructed over a five year period. The project will contain a park and be located close to resort employment and commercial facilities.

3. OWNERSHIP HOUSING:

a. Mortgage Assistance:

To assist first time moderate income home buyers the city with the Riverside County has initiated a low interest mortgage program. The program will be implemented with a 56 unit condominium project presently under construction within the city. The program will provide loans up to 3% below market rates, substantially expanding the opportunities for moderate income households to enter the ownership market.

b. Self-Help Housing:

To further expand the opportunities for low and moderate income households to enter the ownership housing market, a pilot self-help program will be initiated by the city with the Coachella Valley Housing Coalition (CVHC) in cooperation with the California State Self-Help Housing Program (CSHHP) California Department of Housing and Community Development, California Housing Finance Agency's and private lenders.

In self-help housing families are trained to construct a substantial portion of their own home. Through the sweat equity, housing cost can be reduced 20%. In addition CSHHP provides subsidies up to \$15,000 per house in the form of deferred loans which in time become grants. The city's Redevelopment Agency will be providing 12 lots at below

market cost and a total equivalent subsidy of \$25,000/unit. If it is successful, the program will be expanded.

c. Manufactured Housing:

The city is promoting the construction of lower cost manufactured housing through the approval of planned manufactured housing parks and compliance with state laws prohibiting discrimination against the placement of off-site manufactured housing on single family lots.

4. SENIOR HOUSING:

The Senior Overlay Program provides density bonuses up to an equivalent of 22 units per acre with inclusionary provisions for very low, low and moderate income units. Developers also have been given an option through development agreements to pay a fee in-lieu of providing on-site affordable housing.

Through January, 1989, the program has resulted in the construction of 257 congregate care units and 13 senior apartments. An additional 243 congregate care and 176 senior apartments have been approved. These projects will produce 8 very low income and 15 lower income units. In addition, an in-lieu fee fund of \$703,900 will be generated. The city has used \$535,000 of this fund to purchase a three-acre site adjacent to the Joslyn Cove Senior Center and has executed an agreement with a developer to construct 60 lower and very low income senior apartments to be completed by 1990.

D. ENERGY CONSERVATION:

As a result of its hot desert climate, the primary residential energy conservation effort involves the reduction of solar heat gain during the six to eight air conditioned months. The implementation of Title 24 energy requirements of the building code has significantly reduced energy consumption in new structures. In older neighborhoods, energy saving improvements will be promoted through the neighborhood quality rehabilitation program. With the increasing dominance of projects with large common facilities, the economics of solar water heating and co-generation technologies are enhanced. The city will promote and encourage the use of appropriate energy saving technologies through the architectural review process.

E. **EQUAL HOUSING OPPORTUNITIES:**

The city promotes equal housing opportunities by referring inquiries concerning illegal discrimination to the following local, state, and federal fair housing agencies:

Desert Association for Residential Equality
P.O. Box 2166
Palm Springs, CA 92263
(619) 322-1559

State Department of Fair Employment and Housing
322 West 1st Street, Room 2126
Los Angeles, CA 90027
(213) 408-7464

U.S. Department of Housing and Urban Development
2500 Wilshire Boulevard
Los Angeles, CA 90027
(213) 688-5951

All projects receiving a density bonus enter into a development which prohibits illegal discrimination. Violation of this provision will be referred to the Riverside County District Attorney for prosecution.

F. **HOMELESSNESS:**

As was discussed in the needs section, the City of Palm Desert does not experience a significant homeless problem. No more than five individuals have been observed at any one time. Typically these individuals are traveling through the area or have some sort of semi-permanent campsite in the canyons.

There does not appear to be a need for a shelter in Palm Desert at this time. Shelter facilities are provided in Coachella Valley through the Catholic Charities/Riverside County Housing Authority. Nightingale Manor in Palm Springs includes 15 units and can accommodate both families and individuals. Half the rooms have kitchens and all have facilities for food storage. Currently the shelter is not providing services to any former Palm Desert residents.

An analysis conducted by the Coachella Valley Association of Governments determined that Palm Desert's fair share of the shelter's costs to be \$10,000.

HOUSING ELEMENT

Until such time as a shelter is needed in Palm Desert, the city shall make an annual contribution of \$10,000 to the Nightingale Manor. A shelter location has been designated in the city's northern area and could be developed in connection with the Employee Housing program. The ultimate solution to homelessness is the re-establishment of individual and family economic independence. A program will be developed in association with the city's employee housing program/County Housing Authority and County Department of Social Services to provide employment and permanent standard housing.

FIVE YEAR PROGRAM SUMMARY

I. NEIGHBORHOOD QUALITY. PUBLIC INFRASTRUCTURE REHABILITATION AND CONSERVATION.

A. PROGRAM: Completion of all remaining residential infrastructure.

Scope: 2,373 units

Cost: \$15,000,000

Source: Redevelopment Agency, Tax Assessments

Agency: Redevelopment Agency/Public Works

Completion Date: July, 1989

B. PROGRAM. Residential Rehabilitation Loans.

Scope: 200 units

Estimated Cost: \$250,000

Source: Redevelopment Agency

Agency: Redevelopment Agency/Building and Safety

C. PROGRAM. Certificate of Conformance.

Scope: Estimate 100 units

Estimated Cost: None

Agency: Community Development/Building and Safety

D. PROGRAM. Town Center Apartments.

Scope: Rehabilitation of 64 low income apartments

Estimated Cost: \$2,500,000

Agency: Redevelopment Agency, Department of Building and Safety, Riverside County Housing Authority

HOUSING ELEMENT

E. PROGRAM. Mobile Home Park Conservation.

Scope: 191 units
Cost: \$6,400,000
Agency: Redevelopment, Riverside County Housing Authority

II. REDUCED COST AND PRICE FOR NEW CONSTRUCTION.

A. PROGRAM. Affordable High Density Rental Employee Housing.

Scope: 366 very low income units
366 lower income units
366 moderate income units
1,100 Total Units

Cost: Construction \$60,000,000
Annual Subsidy \$2,480,000

Source: Redevelopment Agency, Riverside County Housing Authority, Commercial Development Housing Mitigation Fees

Agency: Community Services, Redevelopment Agency, Public Works, Building and Safety, Riverside County Housing Authority

B. PROGRAM. Ownership Mortgage Assistance.

Scope: 56 units eligible for low interest loans
Cost: \$5,000,000
Source: Riverside County
Agency: Riverside County

C. PROGRAM. Self-Help Housing.

Scope: 12 assisted single family homes
Cost: \$320,000

HOUSING ELEMENT

Source: Redevelopment Agency, California Self-Help Housing Program, HCD, California Housing Finance Agency

Agency: Coachella Valley Housing Coalition, Redevelopment Agency, Department of Building and Safety

D. PROGRAM. Manufactured Housing.

Scope: 241 units within new parks and implementation of state laws against discrimination within single family zones

Cost: None

Agency: Community Development

E. PROGRAM. Senior Housing Overlay.

Scope: 600 congregate care units
50 very low income apartments
100 lower income apartments
150 moderate income apartments

Cost: \$1,000,000

Source: Private developer inclusionary requirements and in-lieu fees

Agency: Community Development

F. PROGRAM. Senior Second Unit.

Scope: Zoning standards permitting second units on single family lots rentable to residents over 60 years of age

Cost: None

Agency: Community Development

G. PROGRAM. Homelessness.

Scope: Financial assistance to valley shelter

HOUSING ELEMENT

Cost: \$10,000
Source: Redevelopment Agency
Agency: Riverside County Housing Authority/Catholic Charities

H. PROGRAM. Federal Section 8 Rent Subsidies.

Scope: 58 assisted households
Cost: unknown
Agency: U.S. Department of Housing and Urban Development

III. OVERALL OBJECTIVES FOR MAXIMUM NUMBERS OF HOUSING UNITS CONSTRUCTED, REHABILITATED AND CONSERVED.

A. CONSTRUCTED:

1. City programs	2,309 units
2. Other market construction	1,500 units
	<u>3,809 units</u>

B. REHABILITATED: 364 units

C. CONSERVED: 313 units

**RESIDENTIAL LAND INVENTORY AND SITE CRITERIA
FOR
HIGH DENSITY LOWER AND MODERATE INCOME HOUSING PROJECTS**

The City of Palm Desert contains approximately 3700 vacant residentially zoned acres. Of this area, 3200 acres are presently zoned at densities of five dwelling units per acre or less, with the balance ranging from 10 to 17 d.u./ac. Urban services are readily available in all areas. Sufficient water, sewer, and energy capacity exists to serve these areas.

Based upon the cost of land and construction in the Palm Desert area, it is generally recognized that for apartments to provide lower income rents, densities between 15-25 d.u./a.c. are required. Moderate income ownership projects need densities between 7 d.u./a.c. and 15 d.u./a.c. The City of Palm Desert Zoning Ordinance provides a mechanism by which these densities can be achieved. Projects which include at least 20 percent lower income units can receive densities up to 25 d.u./a.c. These programs are in addition to projects built pursuant to Government Code Section 65915, which provides for a 25% density bonus for low or moderate income housing. Since the density bonus programs are implemented through development agreements which are tied to low and moderate income performance standards, speculation prior to rezoning is discouraged.

Depending on general economic and interest rate fluctuations, approximately 5,000 units are projected to be built in Palm Desert within the next five years. These will include 52% upper price low density units, 30% moderate, 10% lower income units, and 8% very low income units. The lower density projects will use 800 acres, while the higher density moderate and lower income projects will occupy 250 acres. These proportions will provide adequate sites for affordable housing while maintaining the overall character of Palm Desert as a low density affluent community.

In allocating prospective high density sites throughout the city, the first consideration is to avoid excessive concentration. To achieve this, properties are dispersed throughout the city. Potential site areas have been identified on the High Density Affordable Housing Map based upon projected public infrastructure capacities and existing neighborhood character.

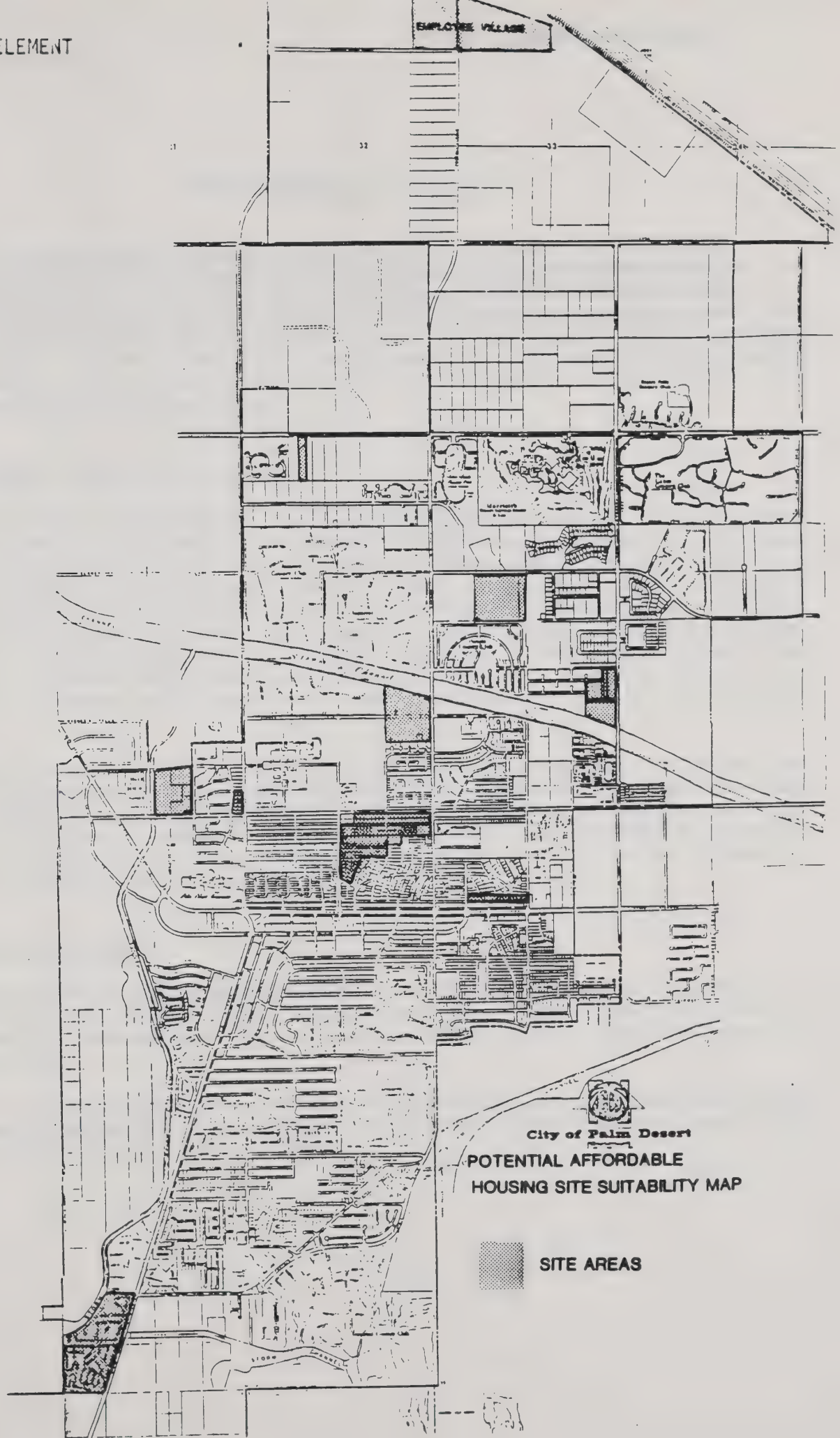
Final site selection and project evaluation will be based upon the following criteria:

1. Adequate service capacity.
2. Direct access to major thoroughfares or arterials required for any project over 50 units.
3. Compatibility with surrounding land uses.
4. Close proximity to commercial services.
5. Overall high quality of design.

6. Contribution to the attainment of low and moderate income or other special housing goals.

The Potential Affordable Housing Site Suitability Map will become an addendum to the Land Use Map. Projects in areas designated on the suitability map which meet the review criteria may be judged to be consistent with the General Plan. Areas not designated will require an amendment of this map to achieve consistency. Once the program goals discussed in the implementation section of this element are achieved, an applicant will have to demonstrate a compelling need for more high density development in order to qualify for a density bonus program.

HOUSING ELEMENT



ANNUAL REVIEW

This housing element articulates policies and programs which will determine the direction the housing development will take over the next five years. Each year the city shall review these policies and programs to evaluate their validity and effectiveness, and to make necessary adjustments.

ENVIRONMENTAL IMPACTS

The programs described in the housing element will have generally positive environmental and social economic impacts. Potential negative impacts of specific projects will be mitigated by existing mechanisms incorporated into the development review process. Although indirectly growth inducing, programs are designed to enhance residential environmental quality, rectify the existing jobs/housing imbalance and provide additional affordable housing to meet the needs generated by economic growth.

I. NATURAL ENVIRONMENTAL IMPACTS:

While the development of housing unavoidably alters the natural desert environment, a system of development fees is being implemented to purchase and preserve 18 to 25 square miles of prime desert habitat. This area encompasses the full spectrum of desert ecosystems and includes the critical habitats of the endangered Coachella Valley Fringed-Toed Lizard and other rare plant and animal species. The Coachella Valley Fringe-Toed Lizard Habitat Conservation Program required a \$600/acre mitigation fee for all developments within the historic habitat. These funds are being used to create a 28 square mile preserve for the lizard and other desert species.

The proposed siting of high density affordable housing near employment and commercial centers will shorten commuting distances, thus reducing fuel consumption and auto emissions. The implementation of the energy saving requirements of Title 24 of the building code, plus standards contained within the architectural review process, will serve to reduce consumption of limited natural resources.

II. PUBLIC SERVICES:

Impacts on schools generated by residential development will be mitigated through a \$1.50 square foot school impact fee. Other development fees and special assessments will finance expanded police, fire and paramedic services.

New developments are required to construct substantial recreation facilities on site. In addition, subdivisions must dedicate land or pay fees for expanded public recreation.

REVIEW OF PAST HOUSING ELEMENT IMPLEMENTATION

The 1984 Housing Element set forth a large list of ambitious programs to address the city's growing housing needs. Although not all goals were achieved, effective implementation of a substantial number of programs have significantly improved neighborhood quality and expanded affordable housing opportunities. The residential infrastructure program has succeeded in providing equal urban residential services throughout the city. The AHD, Senior Overlay, and Palma Village Specific Plan programs have achieved the city's goal for multifamily construction, senior housing, and neighborhood revitalization. Constraints of finance and administration have caused the city to re-evaluate some programs and design alternative approaches to solving the affordable problem. The city views the continued pursuit of the goals originally outlined in 1984 as vital to sustaining the city's economic prosperity and overall quality of life.

1984-1989 FIVE YEAR PROGRAM REVIEW

I. NEIGHBORHOOD QUALITY:

- A. Goal. Loan fund for completion of curb and gutters for one square mile area.

Implementation. Through Palma Village Assessment District No. 3 full public improvements, curbs, gutters, and sewers are presently being completed (see page 14).

- B. Goal. Initiation of Specific Plans in areas targeted for Redevelopment Programs.

Implementation. Completion of Palma Village Specific Plan in 1985 setting redevelopment and housing priorities for city's largest low/moderate income housing area.

- C. Goal. Rehabilitation loans.

Implementation. Staff concentration on programs B and C delayed development of the rehab loan program to 1989-90 budget. Implementation will begin Fall '89.

- D. Goal. Loan program to encourage purchase of single family units by occupants.

Implementation. Funding requirements of goal A prevented simultaneous implementation of the loan program. Subsequently, the city was approached by the Coachella Valley Housing Coalition to participate in a Self Help Housing Program (see page 18 3. a.). Due to the substantial costs reductions achieved, the self-help program has replaced the original mortgage assistance plan. A mortgage assistance plan has been approved for a 56 unit condominium project.

II. COST AND PRICE REDUCTION OF NEW CONSTRUCTION:

- A. Goal. Density bonuses to create 300 low income units, 900 moderate income units.

Implementation. Through the AHDPR program 896 units were built including 180 rent controlled low income units. The balance (716) would qualify as moderate income units. An additional 612 units have been approved including 60 lower income units. Under Government Code Section 65915, 100 moderate income condominiums and 21 apartments were constructed.

Both the program goals and implementation have proved to be reasonably related to what can be achieved over a five year period. The program fell short of the lower income goal due to its dependence on moderate income demand and construction. The new element places greater emphasis on direct rental subsidies to achieve program goals.

- B. Program Goal. Financial assistance for 170 units.

Implementation. Funding and staff commitments for assessment district no. 3 delayed implementation of this program. This program has been substantially expanded (see program II A) and now forms the core of the five year plan.

- C. Goal. Zoning for manufactured housing - 400 acres - 2000 lots.

Implementation. The city has maintained the existing 400 acres of manufactured housing and rezoned an additional 86 acres in connection with the construction of a new 241 lot mobile home park.

The new legislation involving treatment of manufactured housing permits their location in all R-1 zones.

- D. Program Goal. Zoning Ordinance amendments to facilitate senior housing - 500 units.

Implementation. In 1985 the city created the Senior Housing Overlay which provides density bonuses and special development standards tailored to senior projects. The program has resulted in the construction of 257 congregate care and 13 senior apartments. An additional 243 congregate care and 176 apartments have been approved. These projects will include eight very low income and 15 lower income units. In-lieu fees of \$460,900 have been collected to subsidize a new 60 unit all low and very low income senior project. The Senior Overlay has succeeded in generating a great deal of activity. Like the AHDPR program, lower income production is tied to the demand for market units. Absorption rates of the new projects are being studied to determine the needs and nature of future projects.

PUBLIC PARTICIPATION

Draft copies of this element were made available to and comments solicited from the Joslyn Cove Senior Center, Coachella Valley Housing Coalition and from the public in general through the public library. Public notices for planning commission and city council hearings were published in local newspapers and posted at prominent locations throughout the city.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Housing Policy Development

Division

1800 Third Street, Room 430

P.O. Box 952053

Sacramento, CA 94252-2053

(916) 323-3176



October 3, 1989

Mr. Bruce Altman
City Manager
City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260

Dear Mr. Altman:

RE: Review of Palm Desert's Draft Housing Element Amendment

Thank you for submitting Palm Desert's draft housing element amendment September 5, 1989. As you know, we are required to review draft housing element amendments and report our findings to the locality (Government Code Section 65585 (b)).

Palm Desert's housing element is a well-written and comprehensive document, and establishes an ambitious schedule of program actions. In our opinion, however, the revision described in the following paragraph is needed to bring the element into compliance with State housing element law (Article 10.6 of the Government Code). Identified concerns were reviewed with Philip Drell, Senior Planner, in a telephone conversation on September 25, 1989. Following the recommended change, we refer to the applicable provision of the Government Code.

The City has set projected program unit goals, but does not establish overall quantified objectives for the maximum number of housing units that can be constructed, rehabilitated, and conserved within the element's planning period (Section 65583(b)). Overall objectives are significant because they include projected private market activity as well as City program goals.

We hope our comments are helpful to the City. If you have any questions about our comments, please contact Mario Angel of our staff at (916) 445-3485.

Mr. Bruce Altman
Page Two

In accordance with their requests according to the Public Information Act, we are forwarding a copy of this letter to the individuals listed below.

Sincerely,

A handwritten signature in cursive script, reading "Nancy J. Javor", followed by a horizontal line.

Nancy J. Javor, Chief
Division of Housing Policy
Development

NJJ:MA:bt

cc: Philip Drell, Senior Planner, City of Palm Desert
Kathleen Mikkelson, Deputy Attorney General
Bob Cervantes, Governor's Office of Planning and Research
Richard Lyon, California Building Industry Association
Kerry Harrington Morrison, California Association of Realtors
Marc Brown, California Rural Legal Assistance Foundation
Christine D. Reed, Building Industry Association

POPULATION

HOUSING UNITS

PERSON
PER
HOUSE-
HOLD

CITY	TOTAL	HOUSE-HOLD	GROUP QUARTER	TOTAL	- SINGLE DETACHED	FAMILY - ATTACHED	- MULTI-FAMILY - 2 TO 4	5 PLUS	MOBILE HOMES	OCCUPIED	% VACANT	PERSONS PER HOUSE-HOLD
RANCHO	19152	18976	176	7969	5298	300	334	912	1125	7178	9.93	2.644
RAFAEL	9156	9015	141	3678	2315	139	257	610	357	3310	10.01	2.724
REDA	8153	7950	203	2783	1917	73	231	502	60	2596	6.72	3.062
CATHEDRAL CITY	29052	29047	5	12894	5623	1858	1625	1100	2688	10338	19.82	2.810
COACHELLA	14535	14495	40	3291	1769	238	523	532	229	3254	1.12	4.455
CORONA	61035	60608	427	21305	13420	1356	1299	4309	921	19593	8.04	3.093
DESERT HOT SPRINGS	10633	10545	88	5346	2831	121	834	1252	308	4363	18.39	2.417
HEMET	33334	32750	584	18106	7597	1433	1536	3002	4538	16407	9.38	1.996
INDIAN WELLS	2593	2593	0	3220	1501	736	639	339	5	1135	64.75	2.285
INDIO	34277	34059	218	13516	5023	599	1082	4864	1948	10950	18.98	3.110
LAKE ELSINORE	14968	14966	2	6307	3335	268	838	1461	405	5424	14.00	2.759
LA QUINTA	10201	10201	0	4917	3230	1133	144	178	232	3389	31.08	3.010
MORENO VALLEY	101289	101270	19	32173	27191	499	1098	2203	1182	31221	2.96	3.244
MURDOCK	25219	20295	4924	5855	5552	60	84	113	46	5702	2.61	3.559
PALM DESERT	19454	19442	12	16603	5780	6051	1586	2345	841	8546	48.53	2.275
PALM SPRINGS	31931	31416	515	28969	9534	4916	2440	10489	1490	14522	49.87	2.163
PERRIS	15166	15058	108	5896	3140	125	229	884	1518	5163	12.43	2.917
PUNCHO MIRAGE	8910	8899	11	9210	2883	4510	512	471	834	4057	55.95	2.193
ROIVERSIDE	209728	206247	3481	76611	47667	3177	5164	18713	1890	73462	4.11	2.808
SAN JACINTO	13747	13503	244	60	2413		2	420	1817	5458	9.40	2.474
TOTAL INCORPORATED	672533	661335	11198	284673	158119	28228	21187	54705	22434	236068	17.07	2.801

EXHIBIT "B"

G. PRESERVATION OF EXISTING ASSISTED HOUSING

Chapter 1451, Statutes of 1989 amended Section 65583 of the Government Code to require analysis and preserve existing controlled low housing which is at risk of being lost over the next ten year period (2002).

Controlled low and moderate income housing in the City of Palm Desert falls into three basic categories: 1) Inclusionary programs associated with the Senior Overlay, Affordable High Density Zone and Government Code 65916 (some of which are financed with tax exempt bonds); 2) Privately owned, federally assisted new construction; and 3) Local agency, publicly owned and assisted units.

1) Inclusionary Projects - All projects built under City of Palm Desert inclusionary programs are subject to a recorded development agreement controlling the required low/moderate income units for a minimum period of 30 years regardless of associated bond requirements. Projects approved after 1988 are controlled for the life of the facility with a minimum 30 years.. None of these agreements will expire before the year 2015. Of the 1071 units built under these programs, the Riverside County Housing Authority has purchased 534 units and has made offers on an additional 512 units for inclusion in the Redevelopment Agency's rent subsidy program.

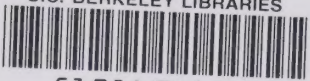
2) Privately Owned Federally Assisted Projects - The city contains one private project financed and assisted under the 221(d)(4) program. Candlewood Apartments located at 74-000 Shadow Mountain Drive is a 30 one bedroom senior project with 26 units subsidized for low and very low income households. The HUD contract runs through 2018. The owner has an option to withdraw from the contract every five years. The next option year is 1993. He has no intention of terminating the contract before 2018 and has agreed to inform the city of any change in plans. If and when the city was to become aware of an intention to terminate the contract, the project would be considered for acquisition as part of the Riverside County Housing Authority/Redevelopment Agency subsidy program.

The program uses tax exempt mortgage revenue bonds issued by the Riverside County Housing Authority to purchase existing projects and build new units which are subsidized by the Redevelopment Agency according to Section 8 guidelines.

Based on similar projects recently purchased by the Housing Authority, the 1991 market value of Candlewood Apartments is

\$1.5 million or \$50,000/unit. An average per unit subsidy of \$349/month would be required to maintain the existing Section 8 low and very low income rent schedule. Total RDA housing revenues for 1991-92 are \$3.3 million. By the year 2000 housing revenues are projected to rise to \$7.3 million and will be capable of subsidizing 2500 very low, low and moderate income households.

3) The Riverside County Housing Authority in partnership with the Palm Desert Redevelopment Agency currently owns 598 units. By 1995 at least 1359 units will be owned by the Housing Authority and subsidized by the Redevelopment Agency for very low, low and moderate households. All units subsidized by the Redevelopment Agency are required to be preserved for the life of the project area through 2027.



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81.5 million of \$20,000,000. An average of 230,000 units would be required to maintain the existing level of 5 per cent very low income rent subsidies. Total 1975 housing revenue for 1975-76 was \$2.5 million. By the year 1979 housing revenue was projected to rise to \$7.5 million and will be required to subsidize 250,000 very low, low and moderate income households.

21 The Riverside County Housing Authority in partnership with the Santa Barbara Development Agency currently owns 250 units. By 1975 at least 100 units will be owned by the Housing Authority and subsidized by the Santa Barbara Development Agency. All very low, low and moderate income households. All units subsidized by the Santa Barbara Development Agency are required to be preserved for the life of the project area through 2017.